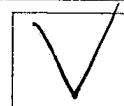


**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-01431A  
Valle Verde Water Company  
12 Garden View Dr.  
Nogales, AZ 85621

APP 6 2 2008

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2007
----	----	------

FOR COMMISSION USE

ANN 04	07
--------	----

PROCESSED BY:

4-3-08

SCANNED

## COMPANY INFORMATION

<b>Company Name (Business Name)</b> Valle Verde Water Company		
<b>Mailing Address</b> P.O. Box 85160		
(Street)		
Tucson	AZ	85754
(City)	(State)	(Zip)
520-623-5172	520-792-0377	
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
<b>Email Address</b>		
<b>Local Office Mailing Address</b> 2102 S. Forbes Blvd., #107		
(Street)		
Tucson	AZ	85745
(City)	(State)	(Zip)
520-623-5172	520-792-0377	
Local Office Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
<b>Email Address</b>		

## MANAGEMENT INFORMATION

<b>Management Contact:</b> Southwestern Utility Management, Inc.			
(Name)		(Title)	
2102 N. Forbes, #107	Tucson	AZ	85745
(Street)	(City)	(State)	(Zip)
520-623-5172	520-792-0377		
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Email Address</b>			
<b>On Site Manager:</b>			
(Name)			
(Street)	(City)	(State)	(Zip)
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Email Address</b>			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

<b>Statutory Agent</b> Catalina S. Randall			
(Name)			
12 Garden View Drive	Nogales	AZ	85621
(Street)	(City)	(State)	(Zip)
520-281-9272	520-281-0472		
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Attorney:</b> Same as above			
(Name)			
(Street)	(City)	(State)	(Zip)
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

### **OWNERSHIP INFORMATION**

Check the following box that applies to you company:

<input type="checkbox"/> Sole Proprietor (S)	<input type="checkbox"/> C Corporation (C) (Other than Association/Co-Op)
<input type="checkbox"/> Partnership (P)	<input type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co-Op (A)
<input type="checkbox"/> Receivership (R )	<input type="checkbox"/> Limited Liability Company
<input checked="" type="checkbox"/> Other (Describe) <u>Estate</u>	

### **COUNTIES SERVED**

Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input checked="" type="checkbox"/> SANTA CRUZ	<input type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

**UTILITY PLANT IN SERVICE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (OC)</b>	<b>Accumulated Depreciation (AD)</b>	<b>O.C.L.D (OC less AD)</b>
301	Organization			
302	Franchises	125	125	---
303	Land and Land Rights	86093	---	86093
304	Structures and Improvements	500114	254543	245571
307	Wells and Springs	145786	97340	48446
311	Pumping Equipment	289845	143952	145893
320	Water Treatment Equipment	11504	6520	4984
330	Distribution Reservoirs and Standpipes	365809	167815	197994
331	Transmission and Distribution Mains	569390	404404	164986
333	Services	50719	50719	---
334	Meters and Meter Installations	88008	59973	28035
335	Hydrants	35007	26087	8920
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	16552	11536	5016
341	Transportation Equipment	56483	39360	17123
343	Tools, Shop and Garage Equipment	11729	2152	9577
344	Laboratory Equipment			
345	Power Operated Equipment	44869	18615	26254
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	139746	22693	117053
	<b>TOTALS</b>	<b>2411779</b>	<b>1305834</b>	<b>1105945</b>

This amount goes on the Balance Sheet Acct. No. 108

See Accountants' Report.

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (1)</b>	<b>Depreciation Percentage (2)</b>	<b>Depreciation Expense (1x2)</b>
301	Organization			
302	Franchises	125	---	---
303	Land and Land Rights	86093	---	---
304	Structures and Improvements	500114	5%	12925
307	Wells and Springs	145786	5%	2550
311	Pumping Equipment	289845	5%	7679
320	Water Treatment Equipment	11504	5%	262
330	Distribution Reservoirs and Standpipes	365809	5%	10421
331	Transmission and Distribution Mains	569390	5%	8684
333	Services	50719	5%	---
334	Meters and Meter Installations	88008	5%	1475
335	Hydrants	35007	5%	469
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	16552	5%	264
341	Transportation Equipment	56483	5%	901
343	Tools, Shop and Garage Equipment	11729	5%	504
344	Laboratory Equipment			
345	Power Operated Equipment	44869	5%	1382
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	139746	5%	6161
	<b>TOTALS</b>	2411779		53677

This amount goes on Comparative statement of Income and Expense Acct. No. 403.

Depreciation for 2007 is calculated on O.C.L.D.

See Accountants' Report.

**BALANCE SHEET**

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 31609	\$ 6435
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	37478	47489
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	3517	50
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 72604	\$ 53974
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 2431119	\$ 2411779
103	Property Held for Future Use		
105	Construction Work in Progress		49289
108	Accumulated Depreciation -- Utility Plant	(1252658 )	(1305834 )
121	Non-Utility Property		
122	Accumulated Depreciation -- Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 1178461	\$ 1155234
	<b>TOTAL ASSETS</b>	\$ 1251065	\$ 1209208

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

**BALANCE SHEET (CONTINUED)**

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$	\$ 172487
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	40350	21541
236	Accrued Taxes	1421	3091
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 41771	\$ 197119
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ ---	\$
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	1479167	1517230
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	137593	
272	Less: Amortization of Contributions	(58341 )	)
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$ 1558419	\$ 1517230
	<b>TOTAL LIABILITIES</b>	\$ 1600190	\$ 1714349
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)	(349125 )	(505141 )
	<b>TOTAL CAPITAL</b>	\$ (349125 )	\$ (505141 )
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 1251065	\$ 1209208

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

<b>Acct. No.</b>	<b>OPERATING REVENUES</b>	<b>PRIOR YEAR</b>	<b>CURRENT YEAR</b>
461	Metered Water Revenue	\$ 240510	\$ 286513
460	Unmetered Water Revenue		
474	Other Water Revenue	15696	9042
	<b>TOTAL REVENUES</b>	<b>\$ 256206</b>	<b>\$ 295555</b>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 93653	\$ 82841
610	Purchased Water	2211	138456
615	Purchased Power	36789	11589
618	Chemicals	1248	695
620	Repairs and Maintenance	9462	6750
621	Office Supplies and Expense	17830	37066
630	Outside Services	23369	80993
635	Water Testing	10495	13346
641	Rents	2380	
650	Transportation Expense	17247	15120
657	Insurance – General Liability	9454	2098
659	Insurance – Health and Life		1812
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense		6508
403	Depreciation Expense	35940	53677
408	Taxes Other Than Income	9955	8824
408.11	Property Taxes	14831	15718
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 284864</b>	<b>\$ 475493</b>
	<b>OPERATING INCOME/(LOSS)</b>	<b>\$ (28658 )</b>	<b>\$ (179938 )</b>
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		1227
426	Miscellaneous Non-Utility Income		
427	Interest Expense		
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	<b>\$ ---</b>	<b>\$ 1227</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$ (28658 )</b>	<b>\$ (178711 )</b>



**SUPPLEMENTAL FINANCIAL DATA**

## Long-Term Debt

	<b>LOAN #1</b>	<b>LOAN #2</b>	<b>LOAN #3</b>	<b>LOAN #4</b>
Date Issued	---			
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principal	\$ ---	\$	\$	\$

Meter Deposit Balance at Test Year End      \$    -0-

Meter Deposits Refunded During the Test Year    \$    -0-

COMPANY NAME	VALLE VERDE WATER COMPANY
Name of System	ADEQ Public Water System Number (if applicable)

## WATER COMPANY PLANT DESCRIPTION

### WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-617053	30	320	105	12	4	1954
55-617054	30	350	260	16	6	1972
55-617055	15	220	220	12	3	1971
55-513789	10	135	203	12	3	1987
55-500951	50	560	400	16	6	1982
55-502001	40	550	450	16	6	1982
55-801847	30	400	93	10	4	1933

\* Arizona Department of Water Resources Identification Number

### OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
NONE	NONE	NONE

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
100	2	45	
50	1		
25	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
800 000	1	10 000	3
200 000	1	5 000	3
		3 000	3

*Note: If you are filing for more than one system, please provide separate sheets for each system.*

COMPANY NAME Valle Verde Water Company

Name of System: ADEQ Public Water System Number:

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

**MAINS**

Size (in inches)	Material	Length (in feet)
2	PVC	8,397
3	AC	920
4	PVC	16,480
5		
6	PVC	19,818
8	PVC	3,220
10		
12	PVC	400
16	PVC	2,175
18	PVC	1,070
3	Steel	1,300
4	AC	8,299

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	382
3/4	408
1	47
1 1/2	3
2	20
Comp. 3	6
Turbo 3	
Comp. 4	1
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

Chlorine Tablets

STRUCTURES:

Office @ 12 Garden View

OTHER:

*Note: If you are filing for more than one system, please provide separate sheets for each system.*

<b>COMPANY NAME:</b>	Valle Verde Water Company
<b>Name of System:</b>	ADEQ Public Water System Number: 12-025

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007**

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	84	1,186	2,174	
FEBRUARY	82	2,825	1,548	
MARCH	83	2,368	3,361	
APRIL	81	3,031	2,562	
MAY	83	3,014	5,177	
JUNE	81	5,590	3,116	
JULY	84	7,391	4,507	
AUGUST	91	1,240	1,303	
SEPTEMBER	91	2,911	3,969	
OCTOBER	91	1,875	2,139	
NOVEMBER	91	3,926	4,431	
DECEMBER	91	1,837	1,806	
<b>TOTALS →</b>		37,194	36,093	

What is the level of arsenic for each well on your system? 0.009  
0.012 mg/l  
*(If more than one well, please list each separately.)*

If system has fire hydrants, what is the fire flow requirement? \_\_\_\_\_ GPM for \_\_\_\_\_ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?  
☒ Yes                      ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?  
☒ Yes                      ☐ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?  
☒ Yes                      ☐ No

If yes, provide the GPCPD amount: 121 GPCPD

***Note: If you are filing for more than one system, please provide separate data sheets for each system.***

COMPANY NAME: Valle Verde Water Company

Name of System: ADEQ Public Water System Number: 12-009

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007**

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	706	5,935	4,942	0
FEBRUARY	709	2,994	1,077	0
MARCH	698	6,190	5,457	0
APRIL	714	4,106	6,195	0
MAY	709	7,671	14,356	0
JUNE	698	5,960	4,059	0
JULY	700	6,736	8,054	0
AUGUST	776	6,212	871	
SEPTEMBER	776	7,515	691	6,353
OCTOBER	776	5,462	562	7,905
NOVEMBER	776	6,502	503	8,110
DECEMBER	776	5,060	405	8,698
TOTALS →		70,343	47,172	31,066

0.007

0.009

What is the level of arsenic for each well on your system? 0.006 mg/l

(If more than one well, please list each separately.)

0.003

0.007

If system has fire hydrants, what is the fire flow requirement? \_\_\_\_\_ GPM for \_\_\_\_\_ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?

( x ) Yes

( ) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?

( x ) Yes

( ) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

( x ) Yes

( ) No

If yes, provide the GPCPD amount: 121 GPCPD

***Note: If you are filing for more than one system, please provide separate data sheets for each system.***

See Accountants' Report.

COMPANY NAME Valle Verde Water Company

YEAR ENDING 12/31/2007

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar year 2007 was \$ 15718

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property tax paid, explain why. \_\_\_\_\_

**VERIFICATION  
AND  
SWORN STATEMENT  
Taxes**

APR 02 2008

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

(COUNTY OF (COUNTY NAME)) Pima	
NAME (OWNER OR OFFICIAL) Bonnie O'Connor	TITLE Manager
COMPANY NAME Valle Verde Water Company	

**DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

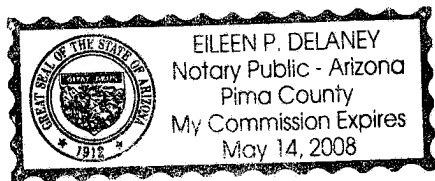
MONTH 12	DAY 31	YEAR 2007
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**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS. PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.**

**SWORN STATEMENT**

**I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.**

**I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.**



  
SIGNATURE OF OWNER OR OFFICIAL

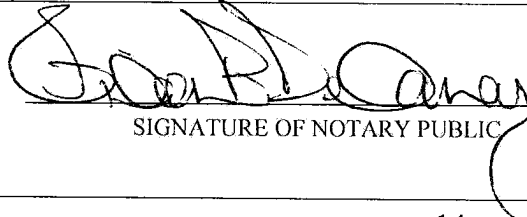
520-623-5172  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME  
A NOTARY PUBLIC IN AND FOR THE COUNTY OF  
THIS** 31 **DAY OF**

COUNTY NAME	PIMA
MONTH	MARCH 2008

(SEAL)

**MY COMMISSION EXPIRES** May 14, 2008

  
SIGNATURE OF NOTARY PUBLIC

**INCOME TAXES**

For this reporting period, please provide the following:

Federal Taxable Income Reported	<u>Estate</u>
Estimated or Actual Federal Tax Liability	<u></u>
State Taxable Income Reported	<u>Estate</u>
Estimated or Actual State Tax Liability	<u></u>
Amount of Grossed-Up Contributions/Advances:	
Amount of Contributions/Advances	<u></u>
Amount of Gross-Up Tax Collected	<u></u>
Total Grossed-Up Contributions/Advances	<u></u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

  
\_\_\_\_\_  
SIGNATURE3/31/08  
\_\_\_\_\_  
DATE

Bonnie O'Connor  
\_\_\_\_\_  
PRINTED NAME

Manager  
\_\_\_\_\_  
TITLE



**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

**VERIFICATION**

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

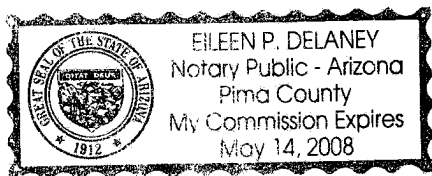
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:



Arizona IntraState Gross Operating Revenues Only (\$)

**\$ 319077**

(THE AMOUNT IN THE BOX ABOVE  
INCLUDES \$ 23452  
IN SALES TAXES BILLED, OR COLLECTED)

**\*\*REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED OR  
COLLECTED. IF FOR ANY OTHER REASON,  
THE REVENUE REPORTED ABOVE DOES NOT  
AGREE WITH TOTAL OPERATING REVENUES  
ELSEWHERE REPORTED, ATTACH THOSE  
STATEMENTS THAT RECONCILE THE  
DIFFERENCE. (EXPLAIN IN DETAIL)**

SIGNATURE OF OWNER OR OFFICIAL

520-623-5772  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 31st DAY OF

(SEAL)

MY COMMISSION EXPIRES

See Accountant's Report.

May 14, 2008

COUNTY NAME Pima  
MONTH March 2008

SIGNATURE OF NOTARY PUBLIC

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE**  
Intrastate Revenues Only

APR 02 2008

**VERIFICATION**

**STATE OF ARIZONA  
I, THE UNDERSIGNED  
OF THE**

(COUNTY NAME) Pima	
NAME (OWNER OR OFFICIAL) Bonnie O'Connor	TITLE Manager
COMPANY NAME Valle Verde Water Company	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH 12	DAY 31	YEAR 2007
-------------	-----------	--------------

**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.**

**SWORN STATEMENT**

**IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01 ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:**

ARIZONA INTRASTATE GROSS OPERATING REVENUES

**\$ 251071**

(THE AMOUNT IN BOX AT LEFT  
INCLUDES **\$ 18996**  
IN SALES TAXES BILLED, OR COLLECTED)

**\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.**

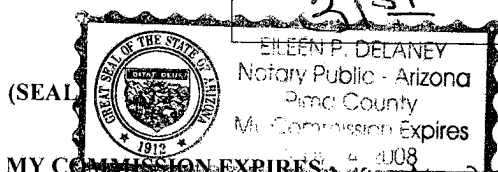
SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

520-623-5172

**SUBSCRIBED AND SWORN TO BEFORE ME  
A NOTARY PUBLIC IN AND FOR THE COUNTY OF  
THIS**

**DA  
Y  
OF**



NOTARY PUBLIC NAME EILEEN P DELANEY	
COUNTY NAME PIMA	
MONTH March	YEAR 2008

SIGNATURE OF NOTARY PUBLIC

**See Accountants' Report**

HOLM, HESTAND & VALENZUELA, CPAs, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
3131 NORTH COUNTRY CLUB ROAD, SUITE 109  
TUCSON, ARIZONA 85716

DOUGLAS R. HOLM, CPA  
EMMA K. HESTAND, CPA  
JANETTE G. VALENZUELA, CPA

TELEPHONE: (520) 326-8483  
FAX: (520) 795-5191  
E-MAIL: HHVCPA@EARTHLINK.NET

We have compiled the balance sheets of Valle Verde Water Company as of December 31, 2007 and 2006, and the related comparative statements of income and expense for the years then ended, included in the accompanying prescribed form in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information presented in the prescribed form.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission--Utilities Division information that is the representation of management. We have not audited or reviewed the financial statements and supplementary information referred to above, and accordingly, do not express an opinion or any other form of assurance on them.

These financial statements and the supplementary information are presented in accordance with the requirements of the Arizona Corporation Commission--Utilities Division, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

*Holm, Hestand, Valenzuela CPAs P.C.*

March 26, 2008

1044

**VALLE VERDE WATER CO.**P.O. BOX 85160  
TUCSON, AZ 85754  
(520) 623-5172Wells Fargo Bank, N.A.  
Tucson, AZ 85745

91-527-1221

10/25/2007

PAY TO THE ORDER OF: Treasurer of Santa Cruz

\$ \*\*745.19

Seven Hundred Forty-Five and 19/100\*\*\*\*\*

DOLLARS

Security features. Details on back.



Treasurer of Santa Cruz

MEMO

  
AUTHORIZED SIGNATURE

⑈001044⑈ ⑆122105278⑆0728565524⑈

**VALLE VERDE WATER CO.**

1044

Treasurer of Santa Cruz

Date	Type	Reference	Original Amt.	Balance Due	10/25/2007 Discount	Payment
9/30/2007	Bill	113-43-017 4	67.20	67.20		67.20
9/30/2007	Bill	113-42-013 9	411.40	411.40		411.40
9/30/2007	Bill	113-42-010 0	266.59	266.59		266.59
				Check Amount		745.19

131100 - Wells Fargo

745.19

**VALLE VERDE WATER CO.**

1044

Treasurer of Santa Cruz

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